



RECEIVED  
NOV 14 2007  
PUBLIC SERVICE  
COMMISSION

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.eon-us.com

Robert M. Conroy  
Manager - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

November 14, 2007

**RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION  
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF  
KENTUCKY UTILITIES COMPANY FOR THE SIX-MONTH  
BILLING PERIOD ENDING OCTOBER 31, 2006 AND FOR THE  
TWO-YEAR BILLING PERIOD ENDING APRIL 30, 2007  
CASE NO. 2007-00379**

Dear Ms. O'Donnell:

Enclosed please find an original and ten (10) copies of the Revised Response to question No. 1 (b) of Louisville Gas and Electric Company to Information Requested in the Commission's Order dated September 19, 2007, in the above-referenced proceeding.

In reviewing the responses to the data requests filed on October 17, 2007 in preparation of the second data request in this proceeding, KU determined that further clarity in the descriptive headings would allow the reader to more easily follow the calculations represented in the attached exhibits.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

  
Robert M. Conroy

Enclosures

cc: Parties of Record

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED  
NOV 14 2007  
PUBLIC SERVICE  
COMMISSION**

**In the Matter of:**

**AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE ENVIRONMENTAL )  
SURCHARGE MECHANISM OF KENTUCKY ) CASE NO.  
UTILITIES COMPANY FOR THE SIX-MONTH ) 2007-00379  
BILLING PERIOD ENDING OCTOBER 31, 2006 )  
AND FOR THE TWO-YEAR BILLING PERIOD )  
ENDING APRIL 30, 2007 )**

**REVISED RESPONSE OF  
KENTUCKY UTILITIES COMPANY  
TO  
INFROMATION REQUESED IN  
APPENDIX B OF COMMISSION'S ORDER  
DATED SEPTEMBER 19, 2007**

**FILED: November 14, 2007**



**KENTUCKY UTILITIES COMPANY**

**November 14, 2007 Revised  
Response to Information Requested in Appendix B of  
Commission's Order Dated September 19, 2007**

**Case No. 2007-00379**

**Question No. 1**

**Witness: Valerie L. Scott**

For Each of the Six Periods Under Review

Q-1. Concerning the rate of return on the original environmental compliance plan ("1994 Plan") and the four amendments to the environmental compliance plan ("Post-1994 Plans"), provide the following information for each of the billing periods under review:

- a. For the 1994 Plan, calculate any true-up adjustment needed to recognize changes in the weighted average cost of KU's pollution control debt during the applicable months of each review period. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing period under review.
  - b. For the Post-1994 Plans, calculate any true-up adjustment needed to recognize changes in KU's cost of debt, preferred stock, accounts receivable financing (if applicable), or changes in KU's jurisdictional capital structure. Include all assumptions and other supporting documentation used to make this calculation. Any true-up adjustment is to be included in the determination of the over- or under-recovery of the surcharge for the corresponding billing period under review.
- A-1. a.
- b. See pages 3 of 4 and 4 of 4 of the attachment for corrections to formula headings for columns (7), (16), (18), (19), (23) and (24).

Kentucky Utilities Company  
Adjusted Electric Rate of Return on Common Equity  
10/31/2006

(1)	(2) Total Company	(3) Adjustments to Total Co Capitalization (20)	(4) Adjusted Total Company Capitalization (2) - (3)	(5) Capital Structure (4) / (4), row 7	(6) Jurisdictional Capitalization Allocation	(7) Kentucky Jurisdictional Capitalization (4) * (6)
1 Long-Term Debt	825,257,520	8,789,423	816,468,097	41 35%	88 00%	718,451,102
2 Med Term Notes Payable	-	-	-	0 00%	88 00%	-
3 Short-Term Debt	29,400,054	313,126	29,086,928	1 47%	88 00%	25,595,042
4 Preferred Stock	-	-	-	0 00%	88 00%	-
5 Accounts Receivable Financing	-	-	-	0 00%	88 00%	-
6 Common Equity	1,141,425,036	12,357,361	1,129,067,675	57 18%	88 00%	993,523,100
	1,996,082,610	21,459,911	1,974,622,699	1		1,737,569,244

(1)	(8) Kentucky Jurisdictional Capitalization (7)	(9) Adjustments to Ky Juris Capitalization (25)	(10) Adjusted Ky Jurisdictional Capitalization (8) - (9)	(11) Capital Structure (10) / (10), row 7	(12) Annual Cost Rate	(13) Weighted Cost of Capital (11) * (12)
1 Long-Term Debt	718,451,102	123,859,617	594,591,484	41 35%	4 84%	2 00%
2 Med Term Notes Payable	-	-	-	0 00%	0 00%	0 00%
3 Short-Term Debt	25,595,042	4,412,536	21,182,506	1 47%	5 26%	0 08%
4 Preferred Stock	-	-	-	0 00%	0 00%	0 00%
5 Accounts Receivable Financing	-	-	-	0 00%	0 00%	0 00%
6 Common Equity	993,523,100	171,281,512	822,241,589	57 18%	10 50%	6 00%
7	1,737,569,244	299,553,665	1,438,015,579	100 00%		8 08%
8 Weighted Cost of Capital Grossed up for Income Tax Effect (ROR + (ROR - DR) x [TR / (1 - TR)])						11 83%

Adjustments to Total Company Capitalization

(1)	(14) Total Company Capitalization (2)	(15) Capital Structure (14) / (14), row 7	(16) Undistributed Subsidiary Earnings	(17) Investments in EEI (17) row 7 x (15)	(18) Other Investments (18) row 7 x (15)	(19) Minimum Pension Liability	(20) Total Adjustments to Capitalization (16) + (17) + (18) - (19)
1 Long-Term Debt	825,257,520	41 34%	-	8,613,241	176,183	-	8,789,423
2 Med Term Notes Payable	-	0 00%	-	-	-	-	-
3 Short-Term Debt	29,400,054	1 47%	-	306,850	6,277	-	313,126
4 Preferred Stock	-	0 00%	-	-	-	-	-
5 Accounts Receivable Financing	-	0 00%	-	-	-	-	-
6 Common Equity	1,141,425,036	57 18%	19,537,380	11,913,091	243,681	19,336,791	12,357,361
7	1,996,082,610	100 00%	19,537,380	20,833,180	426,140	19,336,791	21,459,911

Adjustments to Kentucky Jurisdictional Capitalization

(1)	(21) Kentucky Jurisdictional Capitalization (8)	(22) Capital Structure (21) / (21), row 7	(23) Environmental Surcharge 1994 Plan (23) row 7 x (22)	(24) Environmental Surcharge Post-1994 Plan (24) row 7 x (22)	(25) Adjustments to Ky Juris Capitalization (23) + (24)
1 Long-Term Debt	718,451,102	41 35%	-	123,859,617	123,859,617
2 Med Term Notes Payable	-	0 00%	-	-	-
3 Short-Term Debt	25,595,042	1 47%	-	4,412,536	4,412,536
4 Preferred Stock	-	0 00%	-	-	-
5 Accounts Receivable Financing	-	0 00%	-	-	-
6 Common Equity	993,523,100	57 18%	-	171,281,512	171,281,512
7	1,737,569,244	100 00%	-	299,553,665	299,553,665

Kentucky Utilities Company  
Adjusted Electric Rate of Return on Common Equity  
4/30/2007

(1)	(2) Total Company	(3) Adjustments to Total Co Capitalization (20)	(4) Adjusted Total Company Capitalization (2) - (3)	(5) Capital Structure (4) / (4), row 7	(6) Jurisdictional Capitalization Allocation	(7) Kentucky Jurisdictional Capitalization (4) * (6)
1 Long-Term Debt	916,951,140	8,416,218	908,534,922	41.43%	88.20%	801,300,545
2 Med Term Notes Payable	-	-	-	0.00%	88.20%	-
3 Short-Term Debt	62,745,054	575,904	62,169,150	2.84%	88.20%	54,831,325
4 Preferred Stock	-	-	-	0.00%	88.20%	-
5 Accounts Receivable Financing	-	-	-	0.00%	88.20%	-
6 Common Equity	1,252,054,383	30,004,098	1,222,050,285	55.73%	88.20%	1,077,811,690
	2,231,750,577	38,996,220	2,192,754,357	1		1,933,943,560

(1)	(8) Kentucky Jurisdictional Capitalization (7)	(9) Adjustments to Ky Juris Capitalization (25)	(10) Adjusted Ky Jurisdictional Capitalization (8) - (9)	(11) Capital Structure (10) / (10), row 7	(12) Annual Cost Rate	(13) Weighted Cost of Capital (11) * (12)
1 Long-Term Debt	801,300,545	175,552,645	625,747,900	41.43%	4.79%	1.98%
2 Med Term Notes Payable	-	-	-	0.00%	0.00%	0.00%
3 Short-Term Debt	54,831,325	12,012,710	42,818,616	2.84%	5.26%	0.15%
4 Preferred Stock	-	-	-	0.00%	0.00%	0.00%
5 Accounts Receivable Financing	-	-	-	0.00%	0.00%	0.00%
6 Common Equity	1,077,811,690	236,132,003	841,679,686	55.73%	10.50%	5.85%
7	1,933,943,560	423,697,358	1,510,246,202	100.00%		7.98%
8 Weighted Cost of Capital Grossed up for Income Tax Effect (ROR + (ROR - DR) x [TR / (1 - TR)])						11.38%

Adjustments to Total Company Capitalization

(1)	(14) Total Company Capitalization (2)	(15) Capital Structure (14) / (14), row 7	(16) Undistributed Subsidiary Earnings	(17) Investments in EEI (17) row 7 x (15)	(18) Other Investments (18) row 7 x (15)	(19) Minimum Pension Liability	(20) Total Adjustments to Capitalization (16) + (17) + (18) - (19)
1 Long-Term Debt	916,951,140	41.09%	-	8,138,415	277,803	-	8,416,218
2 Med Term Notes Payable	-	0.00%	-	-	-	-	-
3 Short-Term Debt	62,745,054	2.81%	-	556,894	19,009	-	575,904
4 Preferred Stock	-	0.00%	-	-	-	-	-
5 Accounts Receivable Financing	-	0.00%	-	-	-	-	-
6 Common Equity	1,252,054,383	56.10%	18,512,140	11,112,631	379,327	-	30,004,098
7	2,231,750,577	100.00%	18,512,140	19,807,940	676,140	-	38,996,220

Adjustments to Kentucky Jurisdictional Capitalization

(1)	(21) Kentucky Jurisdictional Capitalization (8)	(22) Capital Structure (21) / (21), row 7	(23) Environmental Surcharge 1994 Plan (23) row 7 x (22)	(24) Environmental Surcharge Post-1994 Plan (24) row 7 x (22)	(25) Adjustments to Ky Juris Capitalization (23) + (24)
1 Long-Term Debt	801,300,545	41.43%	-	175,552,645	175,552,645
2 Med Term Notes Payable	-	0.00%	-	-	-
3 Short-Term Debt	54,831,325	2.84%	-	12,012,710	12,012,710
4 Preferred Stock	-	0.00%	-	-	-
5 Accounts Receivable Financing	-	0.00%	-	-	-
6 Common Equity	1,077,811,690	55.73%	-	236,132,003	236,132,003
7	1,933,943,560	100.00%	-	423,697,358	423,697,358